



NYSERDA

**Purchase of Offshore Wind Renewable Energy
Certificates**

Request for Information ORECRFI22-1

RFI Release Date: March 11, 2022

Revised Release Date: March 23, 2022

SUMMARY OF REVISIONS:

The following change has been made to Request for Information ORECRFI22-1, Draft ORECRFP22-1:

- Comment period will end April 8, 2022 3:00pm ET
- Additional information and questions under section II.3.b U.S. Iron and Steel (Buy American) in this RFI document.
- New document "Preliminary Determination and Feasibility Study for Buy American" referenced in Draft ORECRFP section 2.2.4 is available at <https://www.nyscrda.ny.gov/offshore-wind-2022-solicitation>.

Responses Due: Friday, April 8, 2022 by 3:00 PM Eastern Prevailing Time

The purpose of this Request for Information (RFI) is to invite external stakeholder review and comment on a draft version of ORECRFP22-1 (the Draft RFP) to provide feedback that will assist NYSDERDA in finalizing the RFP prior to its release. A draft version of ORECRFP22-1 and all appendices are available on NYSDERDA's solicitation website at <https://www.nysderda.ny.gov/offshore-wind-2022-solicitation>.

An initial version of this RFI was published on March 11, 2022 with due date of March 25, 2022. The comment period has been extended until April 8, 2022 to allow for review of additional information regarding NYSDERDA's preliminary determination referenced in Section 2.2.4 of the draft ORECRFP22-1. This RFI document has been revised to include additional information and questions to stakeholders under section II.3.b U.S. Iron and Steel (Buy American).

NYSDERDA does not intend to publish responses. However, if you intend that your responses are to remain confidential please mark them "Confidential" or "Proprietary," in accordance with the procedure described below. If NYSDERDA receives a request from a third party for responses received that have been marked "Confidential" or "Proprietary," NYSDERDA will process such request under the procedures provided by New York State's Freedom of Information (FOIL) regulations as detailed below (see foil@nysderda.ny.gov for additional information). The FOIL provides exceptions to disclosure, including Section 87(2)(d) which provides for exceptions to disclosure for records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Information submitted to NYSDERDA that the disclosing party wishes to have treated as proprietary and confidential trade secret information should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to exempt it from disclosure, including a written statement of the reasons why the information should be exempted. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501.

Respondents are not required to answer all questions and should focus on questions relevant to their field of expertise.

Comments are due by Friday, April 8, 2022 at 3 p.m. ET, and should be sent to NYSDERDA-OSW@levitan.com with the subject line "Draft ORECRFP22-1 Comments", or may be provided by filling out a [comment form](#). NYSDERDA may reach out to respondents to seek clarifications. Any questions about this RFI or the draft RFP or requests to discuss this RFI or the draft RFP should be directed to Laila El-Ashmawy, Thomas King, Gregory Lampman, Carl Mas, Georges Sassine, Alex Stein and/or Doreen Harris (the Designated Contacts) in writing through the email address above or offshorewind@nysderda.ny.gov.

I. Content of Response

Responses should be concise and focus on areas in which the respondent has a particular interest or expertise. Please limit your response to 10 pages.

The following information and items must be included in every response to this RFI:

- Respondent's name, affiliation, title, and primary contact information.
- Identify and provide general background about your organization, including a summary of any previous experience that could be relevant to this RFI.
- Responses should begin with an overview in which respondent identifies the subject areas that are addressed in the submission.
- Each page of the response should include a header stating the name of the respondent.
- Each response should include the RFI question number and the page number.
- Responders should designate information intended to remain confidential as "Confidential" or "Proprietary." Responders are discouraged from marking their entire response as "Confidential" or "Proprietary."

The Summary of Changes and Focus Areas section below highlights the changes in the Draft RFP relative to ORECRFP20-1, as well as other specific aspects of the draft RFP on which NYSERDA seeks your comments. Stakeholders are encouraged to focus their comments on these areas, and, in particular, on the questions posed below, though stakeholder feedback is not restricted to only those aspects of the Draft RFP highlighted below. Feedback is primarily sought from potential bidders, supply chain developers and labor stakeholders, but other stakeholders are welcome to provide feedback as well. The information presented here is a summary; please review the Attachment A - Draft RFP (including its Appendices) for specific draft language. A draft form Agreement (Appendix I to the RFP) is not being issued with this RFI but the final version will be updated to conform to the final version of ORECRFP20-1 and released upon issuance of ORECRFP22-1.

II: Summary of Changes and Focus Areas

1. Administrative / General

a. Schedule (see Section 1.3)

The schedule for the RFP has not been included in the draft, but the time between RFP issuance date and submission deadline is anticipated to be approximately 90 days.

- What, if any, factors should NYSERDA consider when setting the schedule for ORECRFP22-1, including the RFP issuance date, open period, and Proposal submission deadline?
- In particular, what timing for RFP issuance and Proposal submission would be most conducive to obtaining strong and low-priced Proposals?

b. ORECs Offered (see Section 2.1.1)

NYSERDA is seeking to procure, in aggregate, an anticipated 2,000 MW minimum and, if the submitted Proposals justify procurement of a larger quantity, up to a maximum of 4,640 MW of total Offer Capacity.

- What factors should NYSERDA take into consideration around the total quantity to be procured?

c. Required and Alternate Proposals (see Section 2.1.3)

The Draft RFP requires that, other than upgrades to existing facilities, each Offshore Wind Generation Facility included in a Proposal must represent a minimum Offer Capacity of 1,000 MW, or the total capacity available from the Proposer's lease area if smaller than 1,000 MW. A Proposal may include an upgrade to an existing Offshore Wind Generation Facility if the upgrade does not require a separate export cable from the existing facility and the upgrade adheres to all other eligibility criteria.

- i. Is the minimum Offer Capacity set at an appropriate level, taking into account the importance of efficient use of constrained cable corridors?
- ii. Are there other factors that NYSERDA should take into consideration around smaller upgrade projects?

d. Instructions to Proposers (see Section 6)

There are a number of new and revised requirements for Proposal Submissions in alignment with the topics summarized above. There are also refinements to previous requirements that are not specifically identified in this summary. Proposers are strongly encouraged to thoroughly read the final RFP once it is issued to ensure compliance with all Proposal content requirements.

2. Investment Plans and New York State Funding

a. Investment Plans (see Section 2.1.2, Appendix C.2)

The opportunities to submit Investment Plans for New York State Funding have been expanded from only Port Infrastructure to also include manufacturing of nacelles, blades or cables. Investment Plans are capped at \$125 million of New York State Funding. Total available New York State Funding for ORECRFP22-1 is \$300 million (subject to legislative approval of the proposed FY 2023 Executive Budget). New York State Funding will be provided only in the form of grant funding, and New York State Funding must be matched by at least \$3.00-for-\$1.00 (\$3.00 of private capital for every \$1.00 of New York State Funding). The Funding Recipient will be the entity responsible for execution of the development of the Investment Plan (e.g., the owner of the Eligible Investment Site or a manufacturer that intends to locate there). Proposers are prohibited from entering into exclusivity arrangements with Funding Receipts for use of a site associated with an Investment Plan.

- i. Is \$125 million an appropriate maximum amount of New York State Funding for an Investment Plan?
- ii. Is 3:1 an appropriate ratio of private/public investment funds?
- iii. What, if any, factors should NYSERDA consider related to determining who will be the Funding Recipient?
- iv. What should NYSERDA be aware of regarding anticipated effects of inflation on the Investment Plan proposals?

b. Subsequent New York State Funding Opportunities (see the Supply Chain Factsheet)

In addition to \$300 million of New York State Funding made available through ORECRFP22-1 (subject to legislative approval of the proposed FY 2023 Executive Budget), NYSERDA intends to issue two

additional RFPs to award the remaining \$200 million of New York State Funding announced by Governor Hochul to support the offshore wind supply chain (subject to legislative approval of the proposed FY 2023 Executive Budget). The first of these RFPs will provide approximately \$150 million in New York State Funding for independent Investment Plans, which would be subject to the same parameters as Investment Plans proposed in ORECRFP22-1. The pre-qualification / request for information phase of that RFP is expected to be launched in mid-2022, with the full RFP issued following the announcement of ORECRFP22-1 awards. The second RFP will fund approximately \$50 million in capital expenditure projects that enable businesses to provide goods or services to the supply chain for New York and regional offshore wind projects.

- i. Does the proposed sequenced approach effectively allocate funding to different types of supply chain projects in a way that benefits New York State, and are there ways it could be improved?
- ii. Are the eligibility and submission requirements and approach to evaluation of Investment Plans sufficiently clear, or are there areas that should be clarified?
- iii. Is the required minimum 3 to 1 ratio of private to public investment set at an appropriate level, taking into account the importance of (i) maximizing the impact of New York State funding and (ii) allowing worthy projects to access needed funding?
- iv. Is the minimum 3 to 1 ratio of private to public investment appropriate for the subsequent supply chain RFPs that will be held after ORECRFP22-1? What other factors should NYSERDA consider in designing these supply chain RFPs?
- v. Is the sequencing of the supply chain roll out spaced effectively for participants?

3. Economic Benefits

a. New Economic Benefits Categories (see Section 3.3.3)

Five categories of economic benefits can be claimed as part of a Proposal:

- Category 1: Incremental Economic Benefits associated with the Project and associated investments (other than Investment Plan supply chain facilities), including purchases from Investment Plan supply chain facilities (included in the OREC Agreement but not in the Investment Plan funding agreement)
 - Category 2: Incremental Economic Benefits associated with development and construction of an Investment Plan supply chain facility (included in the OREC Agreement and the Investment Plan funding agreement)
 - Category 3: Other economic benefits associated with the Project and optional energy storage (not included in the OREC Agreement or Investment Plan funding agreement)
 - Category 4: Incremental Economic Benefits associated with operation and maintenance of an Investment Plan supply chain facility, including input costs of finished goods (not included in the OREC Agreement but included in the Investment Plan funding agreement)
 - Category 5: Other economic benefits associated with the Investment Plan supply chain facility (not included in the OREC Agreement or Investment Plan funding agreement)
- i. Are the descriptions of these categories clear as to what can and should be included in each?
 - ii. Are there any adjustments to this categorization approach that NYSERDA should consider?

b. U. S. Iron and Steel (Buy-American) (see Section 2.2.4)

For this RFP, NYSERDA will not require structural iron or steel to be produced in the United States; however, use of iron and steel that is produced in New York, and in the United States, is valued by NYSERDA, and such commitments, while not required in accordance with the Buy-American Act, will be viewed favorably in proposal evaluation. Accordingly, Proposals with commitments to utilize domestic steel will receive additional New York Economic Benefits scoring credit. Claimed expenditures associated with purchasing commitments for U.S. Iron and Steel will be entered in the Agreement as Expected U.S. Iron and Steel Dollars, which are a subset of Expected Total Dollars that will be given greater weight in scoring and treated as a separate category, i.e. NYSERDA will compare the Verified U.S. Iron and Steel Dollars against the Expected U.S. Iron and Steel Dollars, and should the Verified U.S. Iron and Steel Dollars fail to total at least 85% of the Expected U.S. Iron and Steel Dollars, NYSERDA may enforce remedy(ies) pursuant to Section 12.02 of the Agreement.

NYSERDA has released further information regarding its preliminary determination described in section 2.2.4 of the ORECRFP22-1.

- i. Are the descriptions of the additional economic benefits scoring credit and Expected and Verified U.S. Iron and Steel Dollars clear, or would further detail be helpful?
- ii. Are there aspects of the additional information made available regarding NYSERDA's preliminary determination that need additional clarification or review?
- iii. Is the impact of the preliminary determination on costs to be borne by ratepayer clear, or is additional information needed in this area?

c. MWBE and SDVOB Firms

This RFP includes new provisions related to the support of MWBE and SDVOB firms. For example, the RFP creates a new concept of Expected MWBE and SDVOB Dollars, which are a subset of Expected Total Dollars that will be given greater weight in scoring and treated as a separate category in the Agreement, i.e. NYSERDA will compare the Verified MWBE and SDVOB Dollars against the Expected MWBE and SDVOB Dollars, and should the Verified MWBE and SDVOB Dollars fail to total at least 85% of the Expected MWBE and SDVOB Dollars, NYSERDA may enforce remedy(ies) pursuant to Section 12.02 of the Agreement.

4. Labor, Workforce and Stakeholder Engagement

a. New York Jobs and Workforce Plan (see Section 2.2.14, Appendix H)

Proposers must submit with their Proposal, and subsequently further develop and implement, a New York Jobs and Workforce Plan. It is strongly encouraged that Proposers review the latest New York Clean Energy Industry Report.

The RFP creates a new concept of Expected Labor Dollars, which are a subset of Expected Total Dollars that will be treated as a separate category in the Agreement, i.e. NYSERDA will compare the Verified Labor Dollars against the Expected Labor Dollars, and should the Verified Labor Dollars fail to total at least 85% of the Expected Labor Dollars, NYSERDA may enforce remedy(ies) pursuant to Section 12.02 of the Agreement.

- i. Are there aspects to the New York Jobs and Workforce Plan that could be improved?

- ii. Is the definition of Expected Labor Dollars sufficiently clear, and are there ways it can be improved?

b. Labor Peace Agreement (see Section 2.2.3)

New York State Public Service Law 66-r (3) requires that the Agreement include a stipulation that the owner of the Project, or a third party acting on the owner's behalf, stipulate to entering into a Labor Peace Agreement (LPA) with a bona fide labor organization representing, or attempting to represent, employees providing operations and maintenance services for the Project. Adherence to such LPA will be an ongoing condition necessary to receive payments under the Agreement.

c. Stakeholder Engagement Plan (see Section 2.2.13, Appendix F)

Proposers must submit with their Proposal, and subsequently further develop and implement, a Stakeholder Engagement Plan. The Stakeholder Engagement Plan must include considerations for engagement with representatives of local environmental justice or otherwise Disadvantaged Communities. Proposers are strongly encouraged to reference the Guiding Principles for Offshore Wind Stakeholder Engagement published by NYSERDA.

- i. Are there additional best practices that should be reflected in the Stakeholder Engagement Plan?

d. Additional Fisheries and Environmental Measures (see Section 2.2.12)

The Draft RFP requires Proposers to agree or commit to requirements involving fisheries compensation, Responsible Offshore Science Alliance and Regional Wildlife Science Entity membership, noise mitigation, protected species observers, commercial fishing gear loss and regional collaboration.

- i. Are there required commitments that would present an undue challenge?

5. Interconnection

a. Interconnection Cost Sharing (see Sections 2.1.3.1)

Proposers may submit Alternate Proposals that include Interconnection Cost Sharing. Implementation of Interconnection Cost Sharing for evaluation and contracting purposes is addressed in Section 4.3.

- i. Is the cost-sharing approach a reasonable alternative to the base case requirements?
- ii. What is the expected range of interconnection cost risk premium on OREC strike price?

b. Interconnection and Delivery (see Section 2.1.6, Appendix G)

Each Proposal, including all Alternate Proposals, must be Meshed Ready (see Appendix G) and utilize HVDC technology for the radial connection between the offshore substation and cable landfall. However, each Proposal should be priced assuming that the Project will operate in a dedicated radial configuration.

NYSERDA acknowledges the potential need for changes to the existing OREC settlement mechanism as a result of a Project being recommended for Meshed Network interconnection by the New York

State Public Service Commission, and a contract provision to implement these adjustments will be included in the Agreement (see Section 4.2.1).

- i. Are there alternative approaches to Meshed-Ready and/or the HVDC requirements in the RFP that should be considered, within the constraints of the PSC Orders?
- ii. Is the contractual mechanism described in the RFP appropriate, or are there ways that it could be improved, taking into account the interests of ratepayers and the ability to seamlessly transition to a meshed network if directed to do so by the Public Service Commission?

6. Repurposing Downstate Fossil Fuel Generation Infrastructure (see Sections 2.1.7, 3.2.7 and 6.4.9)

Additional provisions have been added in this RFP that encourage Proposers to consider integrating proposals to repurpose existing downstate fossil-based electric generation infrastructure for use by the Project (“Fossil Repurposing Proposals”). Fossil Repurposing Proposals will be awarded viability and economic benefits points as further described in the RFP.

To be eligible for consideration, any Fossil Repurposing Proposal must (i) identify the specific facility or within a facility proposed to be repurposed, (ii) demonstrate usage rights and authority to carry out such a repurposing and (iii) lay out a clear plan for implementing the Fossil Repurposing Proposal, including obtaining regulatory approvals, prior to the Project’s commencement of operations.

- i. Are the requirements in the RFP regarding Fossil Repurposing Proposals sufficiently clear, or are there ways it could be clarified?
- ii. Is the approach to evaluation of Fossil Repurposing Proposals sufficiently clear, or are there ways it could be clarified regarding Fossil Repurposing?

7. Qualifying Federal Support (see Section 2.1.4)

If a Project becomes eligible for and obtains Qualifying Federal Support, there will be an adjustment to the Fixed OREC Price or to the Index OREC Strike Price, as appropriate, to provide for a sharing of the Qualifying Federal Support between NYSERDA and Seller. The price adjustment will be computed such that 75% of the net benefit of the Qualifying Federal Support would be applied as a reduction in the Fixed OREC Price or the Index OREC Strike Price, as appropriate.¹

Alternate Proposals may be submitted that contemplate sharing of interconnection costs (discussed further below).

- i. How will the proposed Qualifying Federal Support sharing provision affect Proposal pricing and Project behavior? Are there potential adjustments or improvements that should be considered? To provide context in your responses to these questions, please include as much detail as possible regarding expectations of the effect on Proposals of federal support available to offshore wind projects under existing legislation and likely or possible changes

¹ Note: The Agreement will include a provision similar to the “Reduction in Price for Qualifying Federal Support” provisions in the Tier 4 REC Purchase and Sale Agreements.

- to federal legislation that would provide additional support to offshore wind projects and/or components thereof.
- ii. What can NYSERDA expect in relation to the effects on bid prices of inflation in the economy? Are there approaches NYSERDA should consider to counter inflation uncertainty in a way that serves the best interests of ratepayers?

8. Energy Storage (see Section 2.1.9)

Proposers are encouraged, but not required, to include Energy Storage in their Proposals. In order to be eligible for incremental Project Viability points, the proposed Energy Storage must meet certain minimum requirements set forth in the Draft RFP.

- i. Are the rules around Energy Storage eligibility sufficiently clear, or are there ways they could be clarified or improved?
- ii. Is the distinction between Electrical Energy Storage and other energy storage, such as electrolytic hydrogen or experimental storage sufficiently clear, or are there ways it could be improved?

9. Proposal Evaluation and Selection

a. Project Viability Evaluation (see Section 3.2)

The Project Viability evaluation supporting the award of up to 10 points includes new categories: Resiliency (see Section 3.2.4.1, under Proposed Technology), Repurposing Downstate Fossil Fuel Generation Infrastructure (see Section 3.2.7), Stakeholder Engagement Plan (see Section 3.2.10, replacing Community Engagement and Prioritizing Disadvantaged Communities), and Energy Storage (3.2.13). Additionally, Offsetting Carbon Emissions (3.2.14) and Embodied Carbon (3.2.15) have been separated into two categories.

- i. Are there additional factors that NYSERDA should consider as part of the Project Viability evaluation?
- ii. Should NYSERDA consider removing any factors from the Project Viability evaluation?
- iii. Are the requirements around demonstration of financial strength and creditworthiness appropriate?

b. Preliminary Rank Order (see Section 5.1)

NYSERDA will first select Proposals with Investment Plans until up to two Investment Plans have been awarded. NYSERDA will then consider Proposals from a rank order of all Proposals (with and without Investment Plans) until the \$300 million of allocated New York State Funding is exhausted. If all \$300 million is exhausted, NYSERDA will then consider Proposals from a rank order of Proposals without Investment Plans.

- i. Is two the appropriate number of Investment Plans to prioritize before opening up the selection to all Proposals?
- ii. Is the approach to ranking and award sufficiently clear in the RFP, or are there areas that need clarification?

III: General Conditions

Outcome

The information gathered by NYSERDA will be advisory only and is not binding on NYSERDA or any other state agency, office, commission, or public authority. Responses will become the property of NYSERDA. Any actions recommended by NYSERDA will be subject to all applicable laws, including procedural, regulatory and environmental review requirements.

Disclaimers

This RFI is neither a contract offer, nor a request for proposals and does not commit NYSERDA to award a contract, pay any costs incurred in preparing a response, or to procure or contract for services or supplies. Respondents are encouraged to respond to this RFI; however, failure to submit a response will not impact a Respondent's ability to respond to any future competitive solicitation process (if any) for projects, or influence the selection of a service provider going forward or affect its rights and obligations under any applicable laws or in any legal proceeding. NYSERDA reserves the right to discontinue or modify the RFI process at any time, and makes no commitments, implied or otherwise, that this process will result in a business transaction or negotiation with one or more Respondents. All costs associated with responding to this RFI will be solely at Respondents' expense.